

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS ATHENS 002870

SIPDIS

E.O. 12958: N/A

TAGS: [ENRG](#) [GR](#) [NATGAS](#)

SUBJECT: NATURAL GAS DEVELOPMENTS IN THE GREEK ENERGY SECTOR.

1. (U) Summary. On November 4th, GoG Minister of Development Dimitris Sioufas signed an agreement between the Greek public gas utility (DEPA) and the Italian Gas concern Edison, for a 212 Kilometer underwater natural gas pipeline to be built across the Ionian Sea. The joint venture is one of 5 key trans-European Energy Networks (TEN) funded by the EU, and will link Greece with Western Europe as an energy hub for South Eastern Europe. On the domestic front, the GoG has submitted new draft legislation to the Greek parliament with the intent to introduce significant new market liberalization changes to the Greek natural gas industry in the coming years and bring Greece into compliance with EU directives. End Summary.

Pipeline Diplomacy, the Italian Connection

2. (U) On November 4th, Sioufas signed the MOU between DEPA and Edison for the 212 Kilometer, trans-Ionian underwater natural gas pipeline. The 300 million euro project will have an annual capacity of over 8 billion cubic meters (bcm) and will be constructed by Poseidon S.A., a joint venture between DEPA and Edison created for the construction of the pipeline. Construction is scheduled to begin in early 2007 and be completed in 2010. The Italian portion of the project is the final piece of a 3-phase trans-Caspian pipeline project in Greece designed to bring natural gas from the Caspian region to Western Europe. The other two phases, which should be completed in early 2007, are the Greek-Turkish pipeline which runs from Western Turkey into North-Eastern Greece and the trans-Greek portion of the pipeline that augments the existing natural gas infrastructure of the country. It is worth noting that Turkish Minister of Energy and Natural Resources Mehmet Guler was also present at the ceremony and that Sioufas referred to him as "my close friend and colleague."

New Legislation for the Natural Gas Market

3. (U) While the international aspects of the Greek natural gas market continue to evolve, significant changes are underway on the domestic front as well. On October 31st, Sioufas delivered new draft legislation to parliament pertaining to the liberalization of the Greek natural gas market. The legislation essentially outlines three phases: Phase one, states that the gas market will be opened for electricity and thermal energy providers by November of 2006. Phase two, with a milestone of November 2008, allows for major commercial concerns to choose gas suppliers in the markets outside of the Attica, Thessaly, and Thessaloniki prefectures. Finally, phase three will open the natural gas market for all consumers in November 2009.

Comment

4. (U) The open gas market in 2009 does not pertain to the customers in Attica, Thessaly, or Thessaloniki, whose prefectures issued exclusive licensure to DEPA subsidiaries that do not expire until 2015. With the overwhelming majority of the Greek population located in these three prefectures, the actual openness of the market until 2015 is questionable. In the Attica market, (greater Athens area) the joint venture between Cinergy (under acquisition by Duke Energy) and DEPA will not be effected by the new Legislation.

End Comment
RIES